



17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

MORGAN HILL

FINANCIAL POLICY COMMITTEE

Morgan Hill Civic Center
West Conference Room
17555 Peak Avenue
Morgan Hill, California

Chairperson:
Committee Member:
Committee Member:
Staff:

Council Member Steve Tate
Council Member Mark Grzan
City Treasurer Mike Roorda
City Manager Ed Tewes
Director of Finance Jack Dilles
Assistant to the City Manager
Melissa Stevenson Dile

SPECIAL MEETING

Monday, May 9, 2005

MINUTES

6:00 P.M.

CALL TO ORDER by Chair Tate

Chair Tate, Committee Member Grzan & Committee Member Roorda
Staff: Tewes, Dilles, & Dile

DECLARATION OF POSTING OF AGENDA

In compliance with Government Code 54954.2

PUBLIC COMMENTS

The Morgan Hill Financial Policy Committee welcomes comments from all individuals on any agenda item being considered by the Committee. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the Committee are limited to Three Minutes.

BUSINESS:

1. Approval of Financial Policy Committee Minutes of April 25, 2005

The Financial Policy Committee minutes for April 25, 2005, were approved unanimously on a motion by Committee Member Grzan, seconded by Committee Member Roorda.

2. Revenue Enhancements & Review of Survey (Policy Discussion)

Dave Metz, from the consultant firm of Fairbank, Maslin, Maullin & Associates, distributed the preliminary draft findings regarding the consultant's conclusions concerning their recent survey for the City. The consultant wanted feedback from the City prior to finalizing the report. He indicated that the good news was that the community is happy with the quality of life in Morgan Hill and with the job the City is doing. The bad news was that there is not a widespread awareness of a financial problem, so urgency in proposing new revenue sources would be an issue. This would be a potential stumbling block to any new revenue measure presented to the voters. In Salinas, in contrast, there is widespread awareness. In that city, one of three measures presented to the voters last November passed. The resulting closing of the library system in Salinas raised awareness.

Mr. Metz provided an overview of the survey results. He said that a November 2005 election would be too soon and that a November 2006 election would make more sense. His firm surveyed 400 most likely voters in town. The margin of error was plus or minus 4.9%. Callers made up to four attempts to reach these residents and, if unsuccessful in reaching one, replaced that resident with another likely voter. Likely voters were considered those who had voted in a series of previous elections and were drawn from a pool that represented half of all voters.

The result showed that 92% of respondents like living in Morgan Hill, which is at the higher end of cities they have surveyed. Awareness of the State budget crisis was higher in Morgan Hill than in other cities. Areas of least concern in Morgan Hill included a willingness to pay more for recreation and police services. The public's perception of the quality of life in Fremont and Oakland has dropped a lot over the last couple of years, based upon surveys. Morgan Hill could be on the edge. The Morgan Hill response on how well the City manages the City budget received a typical response: 31% were positive and 37% were negative. The responses indicated that if the City asked voters to approve a new revenue measure, adding certain bells and whistles, like a sunset clause and a community committee review of expenditures, would be helpful. He noted that a high 31% of respondents indicated they had a negative response to safe drinking water in Morgan Hill.

The survey showed that the public does not have negative feelings about any City services, but also no clear urgent mandate to vote for a new revenue to support those services at this time. Only 13% felt strongly that the City cannot provide a level of service that residents need without additional funding. Voters appear willing to support a tax, but need the details. Voters seem more concerned with the type of tax than the amount. Responses to a ¼ cent sales tax and a half cent sales tax were about the same.

A sustained process is needed. Educating the public about the City's financial predicament, what is needed to fix the fiscal problem, and why a particular option is the best solution should all be part of this process.

The public appears to support public safety for kids the strongest. A ten year sunset and fiscal accountability are valued.

The next survey done by the City should be before April 2006, according to Mr. Metz, in order to give the City adequate time to bring the right revenue measure to the voters in November 2006. February or March would make more sense so that the City could use the information gained in the poll to make recommendations that make sense. City Manager Tewes indicated that it is imperative that the City engage the community in a year long conversation. Mr. Metz responded that their firm does not do that kind of work, but that other reputable firms could help the City with the communication aspect. Their firm assists with polls only.

City Manager Tewes asked if the Committee wants to finalize the study and have Mr. Metz present the study. Chair Tate responded that he would like to see that presentation made to the City Council at the same time that the Committee makes its recommendations to the Council. City Manager Tewes added that the Committee should not embark on step 1 of 99 until the Committee is ready for that first step. Committee Member Roorda indicated that we should set some kind of threshold level of community support before embarking on a revenue measure process. Discussion ensued regarding the necessity of including some of the details to the study results. It was agreed by Committee Members that an addendum to the survey results would include a summary of where the City should be headed. Mr. Metz said he would add such a summary to his report.

Chair Tate stated that the City should present a clear vision statement to the public at a community gathering or marketplace. Committee Member Grzan said that we should put solutions out there in a document for the public, stating this is where we are and this could be the result of City actions, to make the public more aware.

Chair Tate indicated that the City needs a strategy which balances explaining the problem to the public and offering solutions. Committee Member Grzan added that 2, 3, or 6 solutions could be presented. A second survey could be a straw vote and there might be a need for a third survey. Committee Member Roorda added engaging the public and providing a menu of solutions would be appropriate.

City manager Tewes asked if setting the timetable were the objective. When should a plan be presented to the City Council? Committee Member Grzan indicated that the Committee, with staff help, should provide a description of the problem, a timeline, a plan for another survey, and a year long conversation process, and go to the City Council with this information in July or August. Chair Tate added that the Committee should write the staff report to the Council at a high level, with a timeline and big picture outline. The Committee agreed to hold the next Committee meeting at 6:00 PM on Monday, May 23 at the Community and Cultural Center, if available, instead of holding

the next meeting on May 25 at City Hall, so that the Committee could continue to work on this topic in a more conducive environment.

3. Future Agenda Items (Discussion)

None.

ADJOURNMENT: 7:45 P.M.

NOTICE
AMERICANS WITH DISABILITY ACT (ADA)

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